

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

PETRO-HUNT, L.L.C.

AI # 169971, 90580

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.**

* **Settlement Tracking No.**
* **SA-AE-22-0079**
*
* **Enforcement Tracking No.**
* **AE-PP-10-01015**
* **AE-PP-12-01282**
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SETTLEMENT

The following Settlement is hereby agreed to between Petro-Hunt, L.L.C. (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a limited liability company that owned and/or operated facilities located in DeSoto Parish and Assumption Parish, Louisiana (“the Facilities”).

II

On June 7, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-10-01015 (Exhibit 1).

On June 17, 2016, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-12-01282 (Exhibit 2).

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00), of which Two Thousand Five Hundred Sixty-One and No/100 Dollars (\$2,561.00) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the inspection report(s), permit record(s), the Notices of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for

both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

VIII

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in DeSoto Parish and Assumption Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

X

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

PETRO-HUNT, L.L.C.

BY: _____
(Signature)

(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

NOTARY PUBLIC (ID # _____)

(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

BY: _____
Celena J. Cage, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at Baton Rouge, Louisiana.

NOTARY PUBLIC (ID # _____)

(stamped or printed)

Approved:  _____
Celena J. Cage, Assistant Secretary

BOBBY JINDAL
GOVERNOR



PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

June 7, 2011

CERTIFIED MAIL (7004 2510 0005 5763 9235)
RETURN RECEIPT REQUESTED

PETRO-HUNT, L.L.C.
c/o C T Corporation System
Agent of Service
5615 Corporate Blvd., Ste. 400B
Baton Rouge, LA 70808

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-10-01015
AGENCY INTEREST NO. 169971**

Dear Sir:

On or about April 11, 2011, a file review of **BURFORD 8 #1**, (the facility), an oil and gas facility owned and/or operated by **PETRO-HUNT, L.L.C. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located off Red Bluff Road, 1.6 miles northeast of Kickapoo, in De Soto Parish, Louisiana. At the time the violations occurred, the facility was operating without a permit. The facility currently operates under Air Permit No. 0760-01244-00, issued on or about June 7, 2010.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the file review:

- A. In correspondence dated January 5, 2010, the Respondent submitted an application for an initial minor source air permit. In electronic correspondence dated April 11, 2011, the Respondent verified that the facility was constructed on or about February 2005. The failure to apply for an air permit prior to construction of any facility which will, or ultimately may, result in emission of air contaminants is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).
- B. In electronic correspondence dated April 11, 2011, the Respondent verified that the facility was put in service on or about March 30, 2005. Therefore, the facility operated without an air permit from on or about March 30, 2005 until Air



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Permit No. 0760-01244-00 was issued on or about June 7, 2010. Operation of any facility, without a valid permit, which will, or ultimately may, result in emission of air contaminants is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violations described herein. Written comments may be filed regarding the violations and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.


Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violations. If you would like to have such a meeting, please contact Mark E. Brown at (225) 219-3782 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement.

For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,



Cheryl Sonnier Nolan
Assistant Secretary
Office of Environmental Compliance

CSN/MEB/meb
Alt ID No. 0760-01244

JOHN BEL EDWARDS
GOVERNOR



CHUCK CARR BROWN, PH.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

June 17, 2016

CERTIFIED MAIL 17004 2510 0006 3854 3048
RETURN RECEIPT REQUESTED

PETRO-HUNT, L.L.C.
c/o C T Corporation System
Agent for Service of Process
3867 Plaza Tower Drive
Baton Rouge, LA 70816

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-12-01282
AGENCY INTEREST NO. 90580**

Dear Sir:

On or about July 16, 2012, an Air Quality inspection of **RAMOS INVESTMENTS #1 FACILITY**, a natural gas and crude oil facility, owned and/or operated by **PETRO-HUNT, L.L.C. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located 1.9 miles northeast of Pierre Part in Assumption Parish, Louisiana. The facility operates, or has operated under the Minor Source Air Permits shown in Table A;

TABLE A

Permit No.	Permit Issue Date
0200-00046-01	August 11, 2010
0200-00046-02	November 30, 2012
0200-00046-02	August 21, 2015

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the inspection and subsequent file review:

- A. The inspection revealed the facility was producing annual crude oil and natural gas volumes in excess of the limits listed in Air Permit No. 0200-00046-01. In correspondence dated July 17, 2012, the Respondent submitted an application to modify Air Permit No. 0200-00046-01 to increase the crude oil and natural gas production to reflect the actual production rates.



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Petro Hunt, L.L.C.
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In electronic correspondence dated January 7, 2015, the Respondent provided annual crude oil and natural gas production from the date the facility began operation. Annual productions in excess of the permits are shown in Table B:

TABLE B

Year	Permit	Crude Oil permit limit, bbl/yr	Crude Oil produced, bbl/yr	Natural Gas permit limit, MMscf/yr	Natural Gas produced, MMscf/yr
2010	0200-00046-00/-01	No limit/40,500	55,010	180,000	702,425
2011	0200-00046-01	40,500	55,210	180,000	699,469
2012	0200-00046-01/-02	40,500	38,854	180,000	505,695

Each failure to restrict annual production of crude oil and of natural gas to the permit limit is a violation of the Air Permit shown, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2)

- B. The inspection revealed the Respondent had removed two 400 barrel (bbl) water tanks and replaced them with a 1,000 bbl water tank (the Respondent has disclosed that this is actually a 1,500 bbl tank WT-1/EQT 14). In correspondence dated July 17, 2012, the Respondent submitted an application to modify Minor Source Permit No. 0200-00046-01 to reflect the removal of one tank, Water Tank 2 (EQT 0015). In electronic correspondence dated March 30, 2015, the Respondent disclosed that the two 400 bbl tanks were replaced by the larger 1,500 bbl tank in March 2010. Minor Source Permit No. 0200-00046-02 was issued on or about November 30, 2012, listing, in error, one 400 bbl water tank. In correspondence dated April 6, 2015, the Respondent submitted an application to modify Minor Source Permit No. 0200-00046-02, changing the description of WT-1/EQT 14 from 400 bbl to 1,500 bbl. Minor Source Permit No. 0200-00046-03 was issued on or about August 21, 2015 changing WT-1/EQT 14 from 400 bbl to 1,500 bbl. The Respondent failed to submit a permit application to the Department prior to the installation or removal of any emission source which will, or ultimately may, result in emission of air contaminants, and is a violation of LAC 33:III.501.C.1, and La. R.S. 30:2057(A)(2).
- C. The Respondent operated WT-1/EQT 14, an unpermitted 1,500 bbl water tank from its installation in March 2010 until Minor Source Permit No. 0200-00046-03 was issued on or about August 21, 2015. The operation of any emission source which will, or ultimately may, result in emission of air contaminants, is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- D. The inspection revealed the Respondent installed a chemical injection pump that was not listed in Minor Source Permit No. 0200-00046-01. In correspondence dated July 17, 2012, the Respondent submitted an application to modify Air Permit No. 0200-00046-01 to reflect the installation

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of Chemical Injection Pump 1 (EQT 0018). In electronic correspondence dated March 30, 2015, the Respondent disclosed that the pump was installed in May 2012. Air Permit No. 0200-00046-02 was issued on or about November 30, 2012, listing the pump. The Respondent failed to submit a permit application to the Department prior to the installation or removal of any emission source which will, or ultimately may, result in emission of air contaminants, and is a violation of LAC 33:III.501.C.1, and La. R.S. 30:2057(A)(2).

- E. The Respondent operated Chemical Injection Pump 1 (EQT 0018) from the installation date in May 2012 until Air Permit No. 0200-00046-02 was issued on or about November 30, 2012. The operation of any emission source which will, or ultimately may, result in emission of air contaminants, is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violations described herein. Written comments may be filed regarding the violations and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violations. If you would like to have such a meeting, please contact Mark E. Brown at (225) 219-3782 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement.

For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

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To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,

A handwritten signature in black ink, appearing to read 'LI', written over a horizontal line.

Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

LI/MEB/meb
Alt ID No. 0200-00046

c: Petro-Hunt
David Clark
Rosewood Court
2101 Cedar Springs Road, Suite 600
Dallas, TX 75201